

Public Statement of the

**Community Economic Development Association of Michigan
(CEDAM)**

Before the

**Michigan State Housing Development Authority
Information Forum regarding
Comments & Recommendations on
Modifications to the Qualified Allocation Plan (QAP)**

May 18, 2007

Good Afternoon. My name is Angie Gaabo and on behalf of CEDAM's members—nearly 370 nonprofit CDCs, community action agencies, and partners and supporters of affordable housing and neighborhood community development across the state-- I want to thank MSHDA for this opportunity to hear from its partners in advance of public hearings on changes to the QAP.

The Low-Income Housing Tax Credit Program is a critically important tool to our industry as a primary generator of affordable housing options. CEDAM has over the years advocated for its members' interests in furthering the availability of affordable housing through this program. In representing agencies from all parts of the state-- those in large cities and small villages, urban areas and rural, experienced developers and young nonprofits addressing needs in very under-resourced communities-- any discussion of the QAP and its myriad assumptions creates nearly as many opinions on the finer points of administration. While CEDAM and its members welcome the opportunity to participate in more substantive discussions about these finer points in the weeks ahead, today we will limit our remarks to five key assumptions that we believe must underpin any review process moving forward.

1. Consistency over time.

CEDAM members applaud efforts to review the allocation process in hopes of addressing the housing needs across the state and ensuring a fair and equitable process. However we are concerned that any wholesale changes to the QAP will disrupt the complex process of planning

for affordable housing in communities, and we encourage any significant changes to be phased in over time to lessen the impact on developers and the tenants they serve. We would also hope that any proposed changes are based to the greatest extent possible on a consensus among all parties of the data-driven rationale behind them. More on that later.

2. Fairness.

It perhaps goes without saying that fairness in the allocation process should be a hallmark of Michigan's QAP. In Michigan's dire economic condition, it is no secret that communities across the state are competing for tax credits far in excess of the state's reservation. All discussions of changes to the QAP must occur within a context of valuing fairness and impartiality while striving to meet the true data-driven housing needs of the state in the context of the very different and unique characteristics of local communities.

3. MSHDA staffing and application processing time.

CEDAM understands that processing increasing numbers of tax credit applications requires a substantial staff which is trained in this complex program and sensitive to the nuances of its administration. The presence of a fully staffed, efficient LIHTC program at MSHDA is critical to the effectiveness of the program statewide, not only to ensure a fair and equitable review of all applications, but most critically to avoid unnecessary delays which cripple the development process by adding costs, jeopardizing sensitive land acquisition negotiations and ultimately impacting tenants whose rents may increase as a result. CEDAM encourages MSHDA to seriously consider maximizing the staffing resources dedicated to this program in light of similar recent decisions regarding staff levels in economic development, supportive housing and other program areas.

4. Comprehensive data analysis of the LIHTC program.

Much work has been done in recent years to identify the range of housing needs in cities like Detroit and across the state. It is unclear to CEDAM whether these analyses have impacted in any way discussions of changing the QAP, and indeed whether the true impacts of the current QAP process on particular communities have been assessed and evaluated. Particularly, the impact of the lottery system and threshold requirements on actual investment in various

communities has been discussed informally, but a true public dialogue on the effects of this and its long-term impact on communities is missing. For these reasons CEDAM strongly encourages: 1) a comprehensive statistical analysis of the real results of recent changes to the QAP, and 2) a public dialogue regarding these results and their implications for meeting the full range of housing needs in the state.

5. Dialogue moving forward.

Finally, and perhaps the most critically, we believe there is an urgent need to bring MSHDA and housing practitioners together, to dig into the finer points of the QAP in light of the four points I have just discussed. MSHDA's assumptions about this program moving forward need to be shared with those on the ground doing the work. However, we are concerned that these assumptions may be lost in translation via a written document, and consensus is almost impossible to reach in the context of a public hearing or session such as this one. CEDAM strongly encourages MSHDA to invite its partners to participate in a more substantive dialogue to review the data, assess housing needs, share concerns, and reach fair and equitable compromises around the administration of the QAP and the LIHTC program before the start of any public comment period.

Thank you again for this opportunity to share our general thoughts regarding the QAP review process. CEDAM is committed to participating in an open dialogue on this issue to ensure the best possible process for our members and our state. We look forward to working with MSHDA to address the various issues I have outlined in these remarks. Thank you.

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